

Washington, DC - Congressman Maurice Hinchey (D-NY) today sent a letter to the Democratic and Republican leaders of a key house panel urging against a proposal that would steal back federal funding allocated to public housing authorities in previous years. The proposal being considered by the House Appropriations Subcommittee on Transportation, Housing and Urban Development and Related Agencies would rescind \$1 billion in funding for Public Housing Authorities, requiring the Ithaca Housing Authority to return funding it had planned to use for several capital projects, including a roof replacement, bathroom remodels and HVAC upgrades needed to the Authority's forty-year old building.

"At a time when so many families have been put on the street due to foreclosure or job loss, public housing programs are more than essential," said Hinchey. "Last year, some in Congress cut funding for Public Housing Authorities, and now a new proposal would even take back federal funding that was provided in the past. This proposal being batted around Washington is completely unfair and it would do a great deal of harm to the Ithaca Housing Authority, which has been saving up federal dollars to make vital improvements to their forty-year old building. Cutting future funding is one thing, but taking back funding that has already been allocated, and that people are depending on, is completely unacceptable. I hope we can defeat this proposal so that the Ithaca Housing Authority can continue to build on the great work they have already done."

The subcommittee will consider the proposal during a hearing this Thursday. If it passes, Hinchey says he'll work to remove the language when the 2012 Appropriations bill is considered by the full committee, of which he is a member. The full text of Hinchey's letter follows:

September 6, 2011

The Honorable Tom Latham  
Chairman  
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies  
House Appropriations Committee  
2217 Rayburn House Office Building  
Washington, DC 20515

The Honorable John W. Olver  
Ranking Member  
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies  
House Appropriations Committee  
1111 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Latham and Ranking Member Olver:

As a Member of the House Committee on Appropriations, I commend you for your strong leadership of the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies. While I recognize that your very limited budget allocation provides you with a myriad of difficult choices for 2012, I oppose the Department of Housing and Urban Development's request for authority to recapture operating reserves that have been earned by well-run public housing authorities in my district and across the Nation.

In 2006, HUD implemented a new policy that required Public Housing Authorities to restructure their existing business models. In addition, many housing authorities had to endure cuts in funding and potentially larger cuts down the line if they were unable to meet new conformance goals. In response, many housing authorities underwent severe measures to stow away capital reserves in anticipation of significant cuts in operating funds down the road. As a result of this HUD policy, many Public Housing Authorities have accumulated significant capital reserves, which are the result of years of delayed capital improvements.

In many cases, these accumulated reserves have been slated for much needed capital improvements that would never be financially feasible through the very limited annual capital fund allotment. Unfortunately, HUD recently announced that the use of existing operating reserves was prohibited from being used for capital improvements. In addition, HUD is recommending that these hard earned reserves be recaptured by HUD in the name of deficit reduction.

In my home district, the Ithaca Housing Authority (IHA) provides quality and affordable housing for over 1,200 families. The IHA is an award-winning agency that made great sacrifices in order to save up their operating reserves. With these reserves, IHA anticipated being able to take up several large capital projects in their forty year old buildings, including a roof replacement, bathroom remodels and humidity controls. These much needed repair projects are now not allowed to begin.

The public housing industry is well aware of our country's fiscal problems. They have already received significant funding cuts for 2011, and anticipate cuts in the future. However, I respectfully urge you to spare these very important operating reserve funds as the subcommittee drafts its 2012 appropriations legislation.

Best regards.

Sincerely,

Maurice D. Hinchey